


2012 REGULAR SESSION  
ACTUARIAL NOTE SB 624

<b>Senate Bill 624 SLS 12RS-267</b> <b>Reengrossed with Senate Floor</b> <b>Amendments #2194 and #2319</b>  <b>Author: Senator Edwin R. Murray</b> <b>Date: April 17, 2012</b>  <b>LLA Note SB 624.03</b>  <b>Organizations Affected:</b> <b>Clerks' of Court Pension and Relief</b> <b>Fund (CCRS)</b>  <b>RE NO IMPACT FC</b>	<b>The Note was prepared by the Actuarial Services Department of the Office of the</b> <b>Legislative Auditor.</b>   <b>Paul T. Richmond, ASA, MAAA, EA</b> <b>Manager Actuarial Services</b>
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**Bill Header:** CLERKS OF COURT RET. Provides relative to reemployment of retirees. (6/30/12)

**Cost Summary:**

Actuarial Cost/(Savings) to Retirement Systems and OGB	\$0
Total Five Year Fiscal Cost	
Expenditures	\$0
Revenues	\$0

**Estimated Actuarial Impact:**

The chart below shows the estimated increase/(decrease) in the actuarial value of benefits, if any, attributable to the proposed legislation. Note: it includes the present value cost of fiscal costs associated with benefit changes. It does **not** include present value costs associated with administration or other fiscal concerns.

	<b><u>Increase (Decrease) in</u></b> <b><u>The Actuarial Present Value</u></b>
<b><u>Actuarial Cost (Savings) to:</u></b>	
All Louisiana Public Retirement Systems	\$0
Other Post Retirement Benefits	\$0
Total	\$0

**Estimated Fiscal Impact:**

The chart below shows the estimated fiscal impact of the proposed legislation. This represents the effect on cash flows for government entities including the retirement systems and the Office of Group Benefits.

<b>EXPENDITURES</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-2017</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

<b>REVENUES</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-2017</b>	<b>5 Year Total</b>
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

**Bill Information:**

**Current Law**

Under current law, the retirement benefit of a retiree of the Clerks' of Court Pension and Relief Fund (CCRS) who returns to work for more than 60 days a year, has his benefit reduced dollar for dollar by any earnings he receives for work beyond the 60 day period.

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There is an exception to this rule. The retirement benefit of a retiree who was retired on January 1, 2007, and was temporarily reemployed by a clerk, whose office is located in a parish designated under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, may be reemployed for up to 180 days. Any earning he may receive thereafter will reduce his pension dollar for dollar. This exception is scheduled to expire July 1, 2012.

**Proposed Law**

Under SB 624, the exception will expire for all retirees of CCRS except for retirees reemployed by the Clerk of the Orleans Parish Civil District Court who were reemployed on or before June 30, 2012. This exception will expire on July 1, 2013.

SB 624 will allow all retirees who were retired on January 1, 2007 and were temporarily reemployed by the clerk of the Orleans Parish Civil District Court on or before June 30, 2012 to be reemployed for up to 90 days. This exception will expire on July 1, 2014.

**Implications of the Proposed Changes**

Certain retirees of CCRS who were reemployed by the Clerk of the Orleans Parish Civil District Court on or before June 30, 2012 will have one more year to be reemployed for as much as 180 days a year without having a reduction in their pension benefit. Additionally, those retirees of CCRS who were reemployed by the Clerk of the Orleans Parish Civil District Court on or before June 30, 2012 will have two more years to be reemployed for as much as 90 days a year without having a reduction in their pension benefit.

**Cost Analysis:**

**Analysis of Actuarial Costs**

**Retirement Systems**

It is our understanding that there are only 2 or 3 people who might be affected by the provisions of SB 624. Two potential outcomes relative to SB 624 are summarized below:

- 1. If SB 6324 not enacted, it is very likely that these individuals will stop working after 60 days and will continue to collect their pension. If SB 624 is enacted, the individuals may work up to 180 days during FY 2013 and 90 days in FY 2014 and still collect their pension. So in either event, these retirees of CCRS will continue to collect their pension benefit from CCRS. There is no cost to SB 624.
- 2. If an individual was going to work regardless of whether or not SB 624 is enacted, the individual would have forfeited pension benefits without the enactment of SB 624, but he retains his pension under the provisions of SB 624. There is a cost to CCRS under these circumstances.

It is significantly more probable that the circumstances identified in item 1 above will occur than the circumstances described in item 2. Therefore, we estimate the actuarial cost of SB 624 is \$0.

**Other Post Retirement Benefits**

There are no actuarial costs associated SB 624 for post-employment benefit other than pensions.

**Analysis of Fiscal Costs**

There are no fiscal costs associated with SB 624.

**Actuarial Credentials:**

Paul T. Richmond is the Manager of Actuarial Services for the Louisiana Legislative Auditor. He is an Enrolled Actuary, a member of the American Academy of Actuaries, a member of the Society of Actuaries and has met the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein.

**Dual Referral:**

<u>Senate</u>	<u>House</u>
<input type="checkbox"/> 13.5.1 ≥ \$100,000 Annual Fiscal Cost	<input type="checkbox"/> 6.8(F) ≥ \$500,000 Annual Fiscal Cost
<input type="checkbox"/> 13.5.2 ≥ \$500,000 Annual Tax or Fee Change	<input type="checkbox"/> 6.8(G) ≥ \$500,000 Annual Tax or Fee Change